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**HF 324** – Administrative Rulemaking Limitation (LSB 2148HV)  
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Fiscal Note Version – New  
Requested by Representative Lisa Heddens

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**Description**

**House File 324** prohibits a State agency from adopting administrative rules or policies that exceed a requirement in federal statute or policy.

**Background**

Agencies in Iowa State government have the authority to propose administrative rules through the Administrative Rules Review Committee (ARRC) and implement policies for multiple reasons to further clarify those administrative rules and to provide various forms and application details. Departments surveyed for the analysis of the fiscal impact of HF 324 were unable to determine the exact number of rules or policies that may be impacted by HF 324, but for some, such as the Department of Human Services, this number could be considerable. The Fiscal Services Division is, in conjunction with the General Assembly's Administrative Rules Legal Counsel, preparing a more detailed memo citing examples of how HF 324 may potentially impact:

- Existing benefits for Iowans
- Existing funding distribution formulas
- State Departments and their review of current Administrative Rules for compliance with House File 324
- The General Assembly and its rule making function
- State Agency interpretation of federal law
- Private entities
- Revenue from decreased fines and penalties

The memo is available from the LSA on request.

**Assumptions**

Although HF 324 voids rules or policies of State government that exceed federal statute, policy, or regulation, the Administrative Rules Review Committee may need to take action to determine the process to accomplish the transition and a process to determine when a proposed administrative rule may exceed what is permitted by HF 324.

Iowa administrative rules that aren't recognized by federal statute or regulations may result in some entities not receiving federal funding with enactment of HF 324.

**Fiscal Impact**

The Department of Human Services and State entities regulating environmental issues may be significantly impacted by HF 324. Possible impacts include policy and computer software changes necessary to reflect elimination or amendment of current administrative rules and policies voided by the Bill. There may be ongoing impact to service providers and consumers

that may no longer be able to provide or consume the service deemed void. The fiscal impact may also include savings to the State and industry as more stringent regulations are eliminated.

For those state entities regulating environmental issues there could also be potential costs in one-time staff, analysis, and computer software changes. Any savings is likely to be realized by the regulated industries, but whether those savings are distributed to the consumers is unknown.

Most State entities would have a one-time staff and effort cost to review administrative rules to determine whether required changes are necessary. Not knowing the number of possible changes that would incur after that process eliminates the possibility of estimating the cost impact.

### **Sources**

Department of Human Services

Department of Transportation

Iowa Utilities Division – Department of Commerce

Entities represented by the Iowa Association of Business and Industry

Comments made at meetings of the Subcommittee on HF 176 (previous version of HF 324)

Fiscal Services Division Analysis

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March 7, 2011

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The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the correctional and minority impact statements were prepared pursuant to Code [Section 2.56](#). Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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